Revision of RBI inspection manual

1953. SHRI AAS MOHAMMAD; SHRI SANJAY DALMIAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that inspection mannual of the RBI has not been revised and the recent security scam has exposed its hollowness; and

(b) if so, when it last revised and what steps are being taken to make them upto date and so that it can stand-up to the recent challenges?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Reserve Bank of India (RBI) has reported that its Inspection Mannual was last revised in 1987. However, every time a circular containing new guidelines/instructions to commercial banks is issued by RBI, the Mannual stands revised to that extent. According to RBI, the recent irregularities were not due to non-revision of the Inspection Manual.

Views of Dr. Raja Chelliah on taxation

1954. SHRI SANJAY DALMIA; Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the reported views of Dr. Raja Chelliah, the fiscal adviser to the Union Government, to replace taxation by VAT, in time with the process of economic liberalisation in the country, as has been published in the Statesman and oilier dailies of 19th July, 1994; and

(b) if so, whether these were his presonal views of Government's thinking thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir.

(b) The views of fiscal Adviser are based on deliberations at the conference of State Finance Ministers held on 27.5.94 is Delhi where alongwith other issues the report of National Institute of Public Finance and Policy about in-troduction of Value Added Tax was also discussed. There was near unanimity in the Conference about gradual introdaction of VAT, However, most of the States wanted that the matter should be examined in detail. It was resolved in that Conference to constitute a Committee of State Finance Ministers to examine the whole aspect of tax report including introduction of VAT. The Committee has since been constituted.

बैंकों द्वारा जारी अदायगी आदेश (पे-आर्डर)

1955. श्री मोहम्मद अफजल उर्फ **शीम अफजल** क्या **वित्त** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकारी विभाग बैंकों द्वारा जारी अदायगी आदेश (पे-आर्डर) स्वीकार करते हैं ;

(ख) क्या सहकारी बैंकों द्वारा जारी अदायगी आदेशों (पे-आर्डरों) को भी स्वीकार किया जाता है; और

(ग) यदि नहीं, तो उसके क्या कारण हैं ?

वित्त मंत्रालय में राज्य मंत्री (श्री एम०वी० चन्द्रशेखर मूर्ति) : (क) जी, हां ।

(ख) हां, बशर्ते कि सहकारी बैंक एक अनुसूचित बैंक हो ।

(ग) प्रश्न नहीं उठता ।

Working of public sector banks in Uttar Pradesh

1956. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether in order to streamline the faulty working system *of the P*ublic Sector

Banks in U.P., the Central Government propose to permit Uttar Pradesh Government to form a bank at its own in collaboration with a private party on the lines of Bank of Gujarat etc. with the provision that on formation of such a bank, the latter would take over the four existing private banks in Uttar Pradesh; and

(b) if not, what are the impediment s envisaged in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) No such proposal is under consideration of Government. Further, Reserve Bank of India have intimated that they have not received any proposal from the Govemment of Uttar Pradesh for setting up a new bank.

(b) Does not arise.

Bringing service sector in Tax net

1957. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether it Is a fact that Government are contemplating to bring service sector into tax net to mop up more revenues; and

(b) if so, the details thereof; and what is the anticipated rise ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) With effect from 1-7-94, Government have imposed tax on services of telephones, non-life inusrance and stock brokers. The tax is to be charged @ 5 per cent on the amount of telephone bills, net premium chraged by the insurance companies and brokerage or commission charged by the stock brokers in relation' to their services provided to the investors. Revenue on account of levy of service tax on these services is estimated at Rs. 600 crores in a full year.

Irregular activities of several chit funds

1958. SHRI ASHOK MITRA: Will the Minister of FINANCE be pleased to state:

(a) the legal framework according to which chit funds are allowed to operate in the country;

(b) the official agency or agencies responsible for monitoring the activities of these funds; and

(c) whether in view of the recent spate of reports concerning irregular activities of several chit funds, the Govemment are contemplating additional measures, including legislation, to safeguard the interests of depositors ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) The Chit Funds Act, 1982 enacted by the Central Government provides a legal framework for chit funds to operate in the country. The Act provides for framing of rules by the respective governments in the States/Union Territories in consultation with Reserve Bank of India (RBI) to extend the operation of the Act to the State/Union Territory concerned. However, a few states are still operating their own Chit Funds Acts which they had before the enactment of the Central Act. The deposit taking activities of the chit fund companies are regulated by the directions known as 'Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977,' issued by the RBI.

(b) Different State Governments have designated different agencifes such as Registrar of Chit Funds and Registrar of Cooperative Societies for monitoring the activities of chit funds.

(c) The present provisions of the RBI Act do not empower Reserve Bank to direct a financial company to repay an overdue deposit. An amendment to the RBI Act giving such powers to Reserve Bank is under consideration.

Penal interest charged by Banks

1959. SHRI SURINDER KUMAR SINGLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Banks are arbitrarily charging penal interest;

(b) what are the RBI guidelines with respect to penal interest;